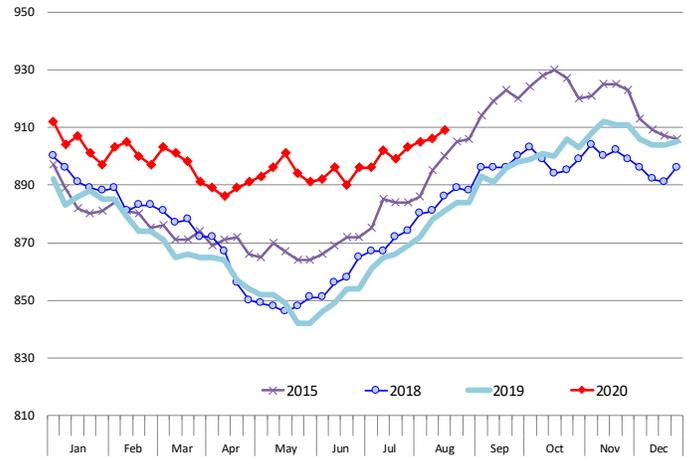Slaughter plant closures this past spring caused a significant amount of disruption in the flow of cattle from grass to feedlot to the consumer. As we pointed out in this report at the time, the June 1 inventory of cattle with +150 days or more on feed stood at over 1 million head above previous year levels. **The backlog of long fed cattle clearly impacted fed cattle weights and we did not get the normal slump in weights that is usually the case in late spring**. Feedlots so far have done an excellent job of not allowing fed carcass weights to get out of hand. Since the first week of June, fed steer weights are up 17 pounds, less than half the carcass weight gain for this period a year ago. Despite all these efforts, fed cattle weights remain well above year ago levels, however. For **the week ending August 15 (latest data), fed steer carcass weights averaged 909 pounds, 28 pounds or 3.2% higher than a year ago**. Fed weights are also running above 2015 levels, a year that saw feedlots fall hopelessly behind in their marketings and resulted in a major price correction in the fall of that year. That year, fed cattle values lost ground for much of the summer and fall, coming down from the all time record levels established the previous year. As late as mid August of that year fed cattle prices were in the high 140s. By mid October, however, prices had pulled back to around 117. The inventory of cattle with +120 days on feed on August 1, 2020 was 4.364 million head, 8.8% higher than the same period a year ago.   This is also by far the highest August 1 inventory of +120 day cattle. Last year it was 4.010 and the previous year it was 3.991.

Marketing cattle in a timely fashion remains key for feedlots in the near term. While slaughter has recovered compared to earlier this spring, it remains under last year's levels. Last week, fed cattle slaughter was estimated at 523,000 head, down 0.2% lower than last year. Keep in mind that last year the Tyson plant fire removed one major packing plant from available capacity. Packers at the time were able to make up some of the lost capacity by running harder on Saturday. This will be more difficult to do this year as packers already are running as hard as they can. So far this month, Mon-Fri fed cattle slaughter has averaged 93,110 head/day, just slightly higher than a year ago. Saturday slaughter in the first three weeks of the month has averaged 54,539 head/day, down 5.5% from a year ago.   At this time we are projecting fed cattle for August down 3.8% from a year ago. There was one less marketing day in August 2020 which impacts the year/year comparison. This will reverse in September when 2020 has one more marketing day than 2019.

The increase in carcass weights, ample supplies and the seasonal decline in demand after Labor Day all have pressured the value of fat trim. This is an important number to watch in part because it helps in understanding retail ground beef demand but also because it makes up a significant part of the carcass, up to 10% by some calculations. Last night the value of 50CL beef trim was quoted at $42/cwt, 32% lower than four weeks ago and 58% lower than a year ago. Seasonally fat trim prices go down in September although current prices are already much weaker than normal. If this trend continues, the weakness in fat trim values combined with the seasonal pullback in middle meat values could start to pressure the overall cutout, which has been flying high up to this point.
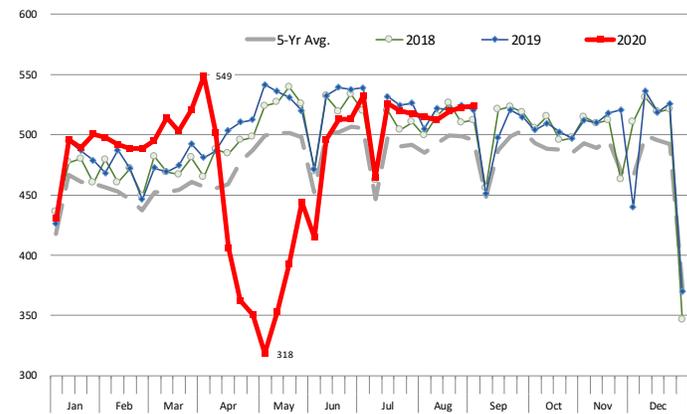
Fed Steer Dressed Carcass Weights - Weekly. Y/Y

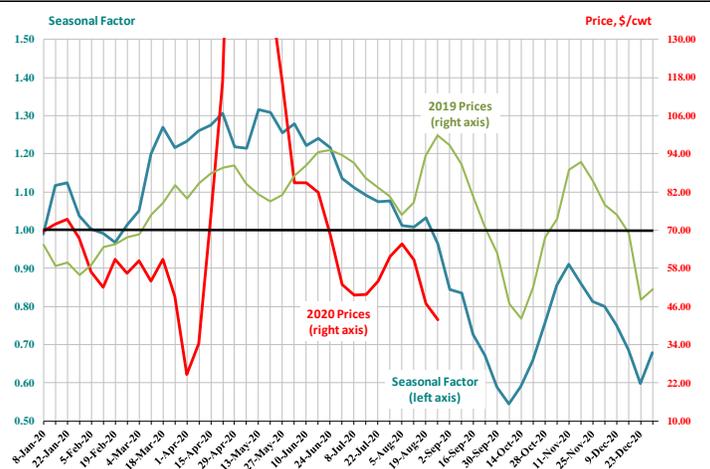Source: USDA-AMS based on NASS Data. Analysis by Steiner Consulting

WEEKLY STEER AND HEIFER SLAUGHTER. '000 HEAD

Source: USDA

50CL Trim 5-Yr Seasonal vs. Current Price Trends